

May 16, 2005

Left Brain Marketing Planning

by Shar VanBoskirk

FORRESTER BIG IDEA

FORRESTER®

Helping Business Thrive On Technology Change

FORRESTER BIG IDEA



May 16, 2005

Left Brain Marketing Planning

by **Shar VanBoskirk**

with Chris Charron, Greg Flemming, and Tenley McHarg

EXECUTIVE SUMMARY

Current strategies for allocating marketing resources come up short in two respects: 1) They do little to help marketers deliver a high return on their investments and 2) they fail to account for consumers' rapidly changing behaviors and media consumption. Left Brain Marketing Planning provides a customer-based, marketer-led, data-driven way to decide which marketing resources — not just media — to invest in.

TABLE OF CONTENTS

2 **Planning Is Out Of Step With Customer Behavior**

Technology Realities Demand A New Approach

3 **The Antidote: Left Brain Marketing Planning**

Step One: Adopt Analytical Planning Tools

Step Two: Use Experimental Design Principles

Step Three: Reshape The Planning Process

10 **Examples Of Left Brain Marketing Planning**

Consumer Marketers Diversify Away From Media

B2B Marketers Focus On Lead Trigger Points

WHAT IT MEANS

11 **The Impact Of Left Brain Marketing Planning**

13 **Supplemental Material**

NOTES & RESOURCES

Forrester interviewed 20 vendor and user companies, including: Avenue A | Razorfish, BIGresearch, Euro RSCG, imc², The Interactive Advertising Bureau, Media Contacts, Modem Media, One to One Interactive, and Targetbase.

Related Research Documents

"US Online Marketing Forecast: 2005 To 2010"
May 2, 2005, Trends

"What Next For TV Advertising?"
December 23, 2004, Market Overview

"Left Brain Marketing"
April 6, 2004, Forrester Big Idea

PLANNING IS OUT OF STEP WITH CUSTOMER BEHAVIOR

Advertisers spend 6% of their budgets online, even though online consumers spend 34% of their media time online.¹ Why the disparity? In short, marketing planning — the process of deciding which media to spend money on — has not kept pace with changing customer behavior or the capabilities of new interactive channels. As Procter & Gamble GMO Jim Stengel explains, “Marketing is a \$450 billion industry, and we are all making decisions with less data and discipline than we apply to \$100,000 decisions in other aspects of our business.” For the most part, marketers today:

- **Repeat old plans instead of testing new media.** Typically marketers use the same channels year after year instead of regularly evaluating and reallocating budget to improve return. More than 80% of marketers struggle to respond to marketing data in order to improve results.² But even small reallocations in the middle of a planning cycle can make a big difference. Through an XMOS study — a research project done through Media Dynamics and the Interactive Advertising Bureau, which evaluates the effectiveness of different media mixes — Ford Motor discovered that shifting 2% more of its budget to interactive media would return \$90 million additional profit.³
- **Depend on TV.** Television still gets 40% of all ad spending even though TV CPMs have increased 68% since 1995, and TV ad recall has plummeted from 40% in 1960 to 6% in 2003 (see Figure 1).⁴ Campaign planning (creative-based), marketing metrics (GRPs), and campaign goals (reach) are all TV-centric. One interviewee told us that his media planning methodology is intended to get him the most TV time possible. While most marketers — 79% — plan to increase interactive media budgets, existing systems don’t support new media’s unique purchase, measurement, and creative.⁵
- **Hand off the planning process.** Many marketers offload marketing planning almost exclusively to an agency and rarely question the agency’s recommendations. While this can work with a customer-behavior focused agency like Starcom MediaVest, too much detachment from the planning process allows agency indolence — when agencies select media that is most profitable for them, rather than what is best for their clients. In the words of one interviewee, “Our agency did all the media recommendations based on the media it has the most experience doing.”
- **Focus on reach, rather than on behavior and intent.** Today, most marketing planning tools identify which channels will deliver the greatest reach based on historical data. But knowing reach — that an ad in *Glamour* magazine will circulate to several million women ages 20 to 35 — does not help a marketer influence customer behavior or predict a propensity to take future action. Market research bureau Simmons is evolving traditional marketing planning tools by overlaying shopping habits and purchase data with GRPs to identify what marketing resources will make consumers act.

Technology Realities Demand A New Approach

How much to spend on which media is an age-old question. So what's different now? In a word: technology. Technology forces are changing marketing in three important ways — all of which demand that marketers re-engineer the way they spend their money. Technology:

- **Changes consumer behavior dramatically.** Consumers are no longer a mass-market reachable through traditional media. Because of technology, consumers now go online for news instead of reading the paper, multitask across multiple channels, rely on peers and personal research for product information, and expect immediate, customized responses to their needs.⁶
- **Alters the purchase process.** The shift in consumer information consumption has also changed the impact of traditional marketing tactics — like broadcast media and print — on purchase decisions. According to DoubleClick's Touchpoints II study, 64% of consumers feel the Internet has altered their purchase process from five years ago. In fact, today, Web sites have more influence over purchases than any other media, and consumers are more self-reliant and more willing to buy even high-ticket, high-consideration products online.⁷
- **Plays an increasing role in marketing processes.** Technology helps marketers get smarter about customers, deliver more relevant ads, and measure impact of their campaigns. Marketing automation, data warehouses, Web analytics, interactive television, CRM software, and contact management systems are all examples of technologies playing increasing roles in the marketing process. They enable marketers to shift from mass branding to an approach that better suits capricious customer behaviors: cross-channel integration of customer-facing channels.

THE ANTIDOTE: LEFT BRAIN MARKETING PLANNING

Outdated planning processes and technology realities require a new, more scientific way to plan that focuses on customer behavior and objectively considers all marketing resources, not just media. Forrester calls this approach *Left Brain Marketing Planning*, which we define as:

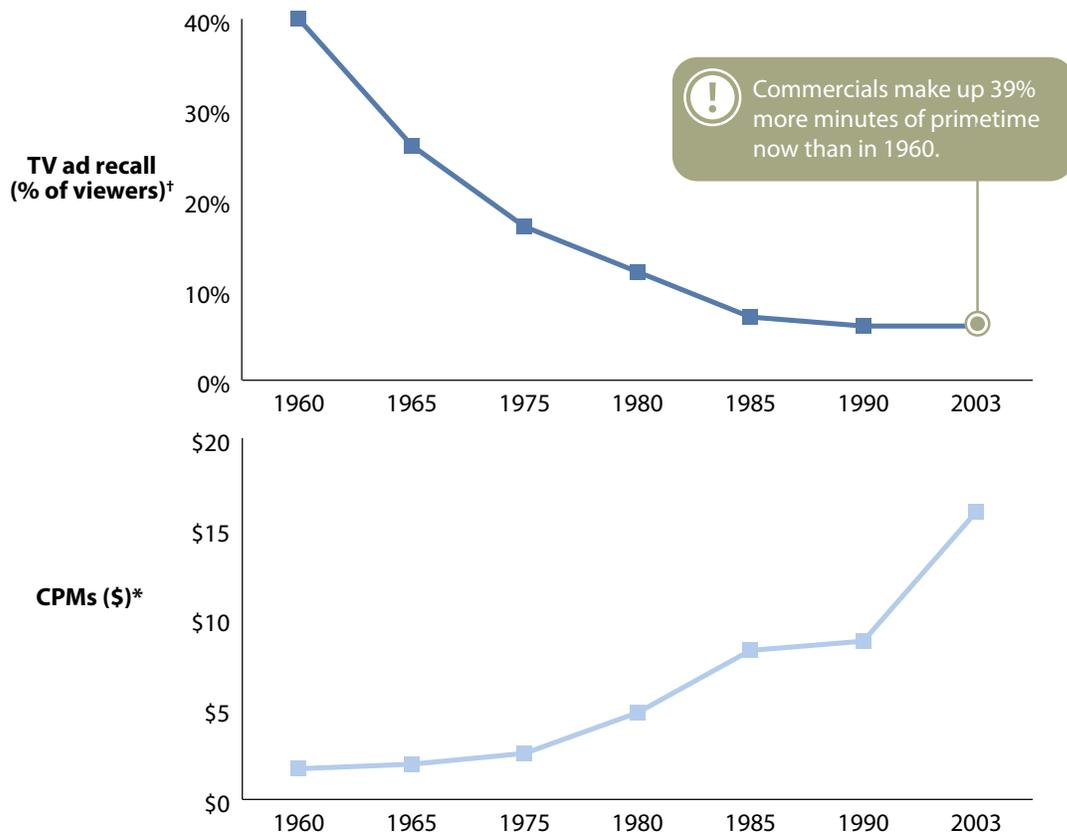
A data-driven planning approach that allocates resources based on a holistic picture of the customer across all points in the buying process from awareness to post-purchase.

Why Left Brain *Marketing Planning*? Forrester believes that traditional media planning should be only one part of a larger process marketers use to allocate budget. Today, marketers also invest in kiosks, Web site features, contact optimization systems, or viral communications to help them reach their sales and branding goals. Marketers who focus solely on the media mix will miss customers at crucial points of influence, such as the online checkout process or a call to customer service.

Left Brain Marketing Planning encompasses the strategy, tools, data inputs, and team required to decide which marketing resources to invest in (see Figure 2). At its core, Left Brain Marketing Planning is:

1. **Customer-, not media-, driven.** Left Brain Marketing Planning focuses not on which media to buy, but on *what customers do*. It identifies the marketing resources — whether ads, kiosks, or online tools — that will best influence customers at decision points in their purchase processes.
2. **Science, not art.** Instead of relying on “gut feel” or historical precedent, Left Brain Marketing Planning uses customer response data to determine how to spend on which marketing resources.
3. **Marketer-, not agency-, led.** Marketers — ostensible experts on their products and customers — lead in Left Brain Marketing Planning, using agencies as research and execution resources.

Figure 1 Television CPMs Climb Even While Ad Recall Declines



Source: Media Dynamics and Forrester Research, Inc.

*CPMs for primetime spots on network TV (ABC/CBS/NBC)

[†]Percentage of people who correctly recall one or more brands less than 4 minutes after a commercial break

Source: Forrester Research, Inc.

Figure 2 Left Brain Marketing Planning Differs From Today’s Marketing Planning Practices

	Today’s marketing planning	Left Brain Marketing Planning
Strategy	<ul style="list-style-type: none"> Decide what media to buy 	<ul style="list-style-type: none"> Allocate marketing resources – not just media
Data inputs	<ul style="list-style-type: none"> Media distribution GRPs, frequency Demographics Consumer media usage Sales 	<ul style="list-style-type: none"> Media behavior (GRPs and frequency, as well as multitasking and ad skipping) Results of marketing activities (new registrations, more frequent site or store visits) Scenarios of behavior, by key personas of a target audience Site logs (click-throughs, navigation patterns, look-to-buy ratios) Cross-channel behavior Brand attitudes (awareness, purchase intent) Customer profitability and lifetime value Sales (including conversion rates by time, channel, campaign)
Tools	<ul style="list-style-type: none"> Media management software Cost-per-reach reports Market research 	<ul style="list-style-type: none"> Maps of customer purchase paths Quantitative media selection tools Market mix models Customer lifetime value calculators Personas Marketing and Web analytics Service reporting tools (ClickFox)
Team	<ul style="list-style-type: none"> One-stop-shop media agency Internal media manager 	<ul style="list-style-type: none"> Specialty media agencies Internal media managers VP of marketing Product or brand managers Customer analytics expert Customer experience designer Financial/business planner

Source: Forrester Research, Inc.

Step One: Adopt Analytical Planning Tools

The first step in moving to Left Brain Marketing Planning is to change the tool set. Current planning tools help manage media or track its cost-per-reach, but new tools analyze customer and market data to determine what customers *do* as a result of a marketing stimulus and, therefore, which marketing resources will move customers along their paths toward purchase. Marketers should build the Left Brain Marketing Planning tool kit incrementally.

- **Start with data that maps customers’ paths to purchase.** Left Brain Marketing Planners replace reach and frequency metrics with behavioral and attitudinal data — from site activities, purchases, call center or email interactions, surveys, and offline observations — that identifies points of influence along a customer’s path to purchase. American Honda worked with Targetbase to score customers based on their response to dealers and postal, email, and Web campaigns. Honda uses these scores to map out which channel, message, and offers will connect

with a customer's "trigger" — that is, the point where he is on the brink of doing a desired action, like taking a test drive.

- **Then, use tools that map allocations to behavior.** Media planners already have an arsenal of data-driven tools to optimize message delivery to the right demographic. But these tools don't predict consumers' propensity to buy. Leveraging our Technographics® data to determine how 13 channels affect consumer behavior, Forrester created a marketing allocation tool based on a campaign's business goals, target audience, product type, and targeting approach, and applied it to a hypothetical campaign for SKECHERS (see Figure 3).⁸ More sophisticated tools are under development; "Project Apollo," a joint endeavor of Arbitron, Procter & Gamble, and VNU, integrates consumer attitudinal data with multimedia usage and sales activity to determine which marketing resources will stimulate consumer actions.⁹
- **Finally, advance to market mix models.** Market mix models enable marketers to track how multiple marketing initiatives drive sales or other business goals like increasing brand awareness or new customer acquisition. In an XMOS study modeling future media performance, Universal Studios determined that spending 2% on banners, 72% on television, and 25% on rich media online ads was the best way to drive awareness and sales of its DVD release of "E.T."¹⁰

Step Two: Use Experimental Design Principles

Traditionally, media planners have taken a "plan once, revisit annually" approach that does little testing or adjustment as market conditions or customer behavior changes. Case in point: One apparel retailer we interviewed had not changed her media mix for five years. Left Brain Marketing Planning applies the precepts of experimental design — a proven way of testing product design as well as direct marketing campaigns — to drive planning.¹¹ Bringing experimental design into planning means:

- **Testing continually . . .** Left Brain Marketing Planning continually tests how well media accomplishes a marketer's goals in various situations — like in different geographies, in conjunction with other media, or at different frequencies — and then funnels test results back into planning tools to help marketers optimize their buys. Throughout each season and year after year, the Boston Symphony Orchestra (BSO) tests how effectively newspapers ads, direct mail, online ads, and radio spots promote different products to disparate customer segments. Based on these tests, the BSO announces a new season through brochures to past subscribers, advertises through newspaper and radio after tickets go on sale, and sells CDs through banners, email, and intellimericals — Web promotions that educate users about symphony arrangements, instruments, and performers.¹²

Figure 3 Model: Forrester’s Marketing Allocation Tool

 Click here for detailed methodology and an interactive version of this graphic.

Forrester’s Marketing Allocation Tool matches media to consumer behavior.

Example: Footwear manufacturer SKECHERS targets trend-savvy young men and women with sports, casual, dress, and high-fashion shoes. In this hypothetical example, SKECHERS wants to execute a campaign to introduce its summer sandal line. The campaign will focus on driving sandal sales from its typical customer in the months of May and June.

SKECHERS input

BUSINESS GOALS
 What are SKECHERS' business goals for this campaign? Please rank the following options from most important (5) to least important (1):

- 4 Launch product/create awareness
- 2 Build preference over a competitor
- 5 Drive purchases
- 1 Increase customer loyalty
- 3 Respond to a time-sensitive issue

TARGET AUDIENCE
 Which age and income groups is SKECHERS targeting with this campaign?

Target audience age	Target audience income
<input type="checkbox"/> 18-24 yrs.	<input type="checkbox"/> Less than \$25K
<input checked="" type="checkbox"/> 25-34 yrs.	<input checked="" type="checkbox"/> \$25K to \$75K
<input type="checkbox"/> 35-44 yrs.	<input type="checkbox"/> Greater than \$75K
<input type="checkbox"/> 45-54 yrs.	
<input type="checkbox"/> 55-64 yrs.	
<input type="checkbox"/> 65+ yrs.	

PRODUCT TYPE
 Which of the following best describes the product SKECHERS is promoting in this campaign?

- High consideration
- Low consideration
- Impulse

TARGETING APPROACH
 Which targeting method is most appropriate for this campaign?

- Geographically targeted
- Behaviorally targeted
- Contextually targeted



- Results: Channels to focus on**
- High priorities:**
 - Advergames
 - Email
 - Company-sponsored PR
 - Second tier:**
 - Web display ads
 - Interactive TV
 - Search
 - Direct mail
 - Low priorities:**
 - Outdoor
 - Radio
 - TV
 - In-store displays
 - Magazines

Source: Forrester Research, Inc.

- **... using small, flexible media units.** Instead of large upfront deals 18 months in advance, Left Brain Marketing Planners buy in small blocks so they can change their mix based on what works best. As marketers grow more accustomed to the ease with which they can adjust their online media buys, they will demand this same flexibility from offline media as well. Julie Rohem, Daimler-Chrysler's director of brand communication, proposes a Nasdaq-like system for television buying in which advertisers would anonymously buy and trade spots at market price.

Step Three: Reshape The Planning Process

The path of least resistance for most marketers today is to default media planning to their agency of record. But Left Brain Marketing Planning requires innovation and expertise that won't come without engaging specialists who can optimize a diverse marketing mix (see Figure 4). Left Brain Marketers will:

- **Build a network of specialist agencies.** Experts in channels, customer cohorts, or research are better than a one-stop-shop at providing the experience and resources necessary to support niche marketing options that may best motivate customers to take action. Hewlett-Packard's enterprise group fosters innovation by organizing media-neutral planning sessions with a group of select multinational, multichannel agencies.
- **Play a more active role in agency relationships.** Because Left Brain Marketing Planning is a strategic function that directly influences the bottom line, organizations should own its core — customer data — and actively lead outsourced pieces. Marketers are taking more initiative in agency relationships overall — billing-based compensation declined from 71% in 1982 to 21% in 2000 as advertisers built pay-for-performance and campaign expectations into agency agreements.¹³ “Owning” agency relationships doesn't mean agencies get demoted. But it does require marketers to actively study their customers, set agency-relationship parameters, and keep agencies accountable.
- **Shift the posture of physical channels.** Marketing planners are deeply invested in conventional marketing tools and processes. But to develop marketing strategies that align with customers' purchase processes, corporations must support Left Brain Marketing Planning by investing in predictive tools and responding to marketing changes through all channels. For example, retailers using BIGresearch to model consumers' buying potential will only benefit if their stores can adjust promotions or product displays immediately in response to model results.
- **Incorporate nonmarketing people into the planning team.** Left Brain Marketing also needs staff beyond marketers — including statisticians, design experts, and accountants. Data analysts will identify customer points of influence, and designers will help orchestrate media and marketing events into a valuable customer experience. About half of One to One Interactive's clients have a finance rep on the marketing team to tie marketing impact directly to company financials. One client, Comcast, has created a marketing science division dedicated to developing segmentation, recency-frequency models, and analytics to improve marketing planning.

Figure 4 Specialty Agencies Help Build Left Brain Marketing

	Examples	Description	What these specialists can do for you
<i>Plan: These agencies help you understand . . .</i>			
Niche consumer segments	<ul style="list-style-type: none"> • BrandGames • Alloy, Inc. • Dieste Harmel 	Research the behavior and media consumption of young consumers and minorities	BrandGames increased affinity to the NFL by creating a CD-ROM "Playbook" now used in 9,000 public school PE programs
<i>Execute: These agencies are experts in . . .</i>			
Email	<ul style="list-style-type: none"> • Bigfoot Interactive • Yesmail • Responsys 	Develops, delivers, and manages ROI-based email marketing programs	Using Responsys, resort company Intrawest increased room revenue 20% with custom emails sent between reservation and visit
Direct mail and tele-marketing	<ul style="list-style-type: none"> • Acxiom • Merkle • Harte-Hanks 	Leverage customer intelligence to fuel targeted direct-to-customer campaigns by phone and mail	Acxiom helped Charter One Bank gain \$3.6 billion in deposits by predicting and delivering to the most effective channels for each segment
Search engine marketing	<ul style="list-style-type: none"> • icrosoft • IMPAQT • Fathom Online 	Optimizes site tags and paid search ads to increase site visibility on search engines	Through site optimization, icrosoft increased online bookings for Fairmont Hotels & Resorts 150%
Traditional media	<ul style="list-style-type: none"> • Deutsch • Starcom MediaVest 	Promotes brands through television, print, and outdoor channels	Starcom MediaVest helped Starbucks surpass sales goals by 29% using gift-wrapped billboards that were unwrapped Christmas week
Online ads and Web sites	<ul style="list-style-type: none"> • Avenue A Razorfish • Modem Media • Critical Mass 	Offer site design, interactive marketing strategy, and online media buying services	Modem Media created an 80% rebuy rate by developing a personalized car resource portal for GM car owners
Events and promotions	<ul style="list-style-type: none"> • pierce • The Promotion Network 	Promote product sales through in-store displays, sampling, vehicles, games, and outdoor events	pierce promotions & event management increased sales for Unilever's Dove, Degree, and Caress brands through in-store facials and product trials
<i>Measure and analyze: These agencies focus on . . .</i>			
Web analytics	<ul style="list-style-type: none"> • WebTrends • Omniture 	Track on-site activity	WebTrends helped Black & Decker boost visitor registration 40% by optimizing site layout
Optimization	<ul style="list-style-type: none"> • Chordiant • CentrPort 	Identifies and sends messages to high-value customers through high-value channels	CentrPort increased a long-distance provider's acquisition rates 50% by delivering online messages to targets likely to respond to the provider
Market mix models	<ul style="list-style-type: none"> • MMA • Hudson River Group • Veridiam 	Use sales and market data to measure marketing effectiveness	The Hudson River Group increased return on promotional spending by \$20 million for one B2B client by modeling the best media to deliver various promotions
Customer lifetime value models	<ul style="list-style-type: none"> • MarQuant Analytics • iKnowtion 	Use econometrics to distribute marketing budgets profitably across acquisition and retention	iKnowtion helped one consumer lender optimize its media buys by determining which customers had the highest transaction revenue potential

Source: Forrester Research, Inc.

EXAMPLES OF LEFT BRAIN MARKETING PLANNING

The transition to Left Brain Marketing Planning will happen gradually over the next five years as marketers and media companies abandon embedded systems for tools, processes, partners, and ad formats that allow for closer accountability of how marketing moves customers toward purchase. Marketers with deep data stores, an analytics heritage, and a willingness to experiment will lead the charge.

Consumer Marketers Diversify Away From Media

Consumer packaged goods like Coca-Cola, Kraft Foods, and Procter & Gamble pioneered market mix modeling to measure and improve their marketing efforts. But because this space is so competitive, few were willing to go on the record with us to discuss how insight from these models has improved their planning. One consumer goods company (Company X) uses a Left Brain Marketing Planning approach to:

- **Market to influencers.** Through primary research — focus groups, surveys, and purchase data — Company X found that marketing to influencers, not its end customers, was the best way to drive product sales. So, Company X mapped out influencers' behaviors and identified that email newsletters, an online information resource, sponsoring events, and an incentive program would better inspire influencers to recommend its products than would buying ads in trade publications.
- **Monitor customer contacts through a single database.** Direct marketing agency Targetbase built Company X a database to store all influencer research and response data. Targetbase organized the database around influencers' positions and names so that Company X could continue marketing to a particular occupation even if an original contact changed jobs. The database also fuels a communications framework that predicts the optimal best next message and channel based on past customer responses.
- **Manage an agency network.** Company X uses a panoply of agency specialists, all from the Omnicom family, to run this program. Targetbase manages Company X's database and email, online ads, and direct mail. Tribal DDB built the online information site and integrates all Web data with the customer database. OMD manages any needed traditional media buys. The Promotion Network coordinates in-store promotions with mass media and direct efforts. Company X even has an agency specializing in targeting Hispanic influencers.

B2B Marketers Focus On Lead Trigger Points

Content provider Factiva found that since its marketing efforts focused on branding, not results, it spent too much time and money meeting with unqualified leads who were either not good targets or not ready for a sales conversation. New CMO Alan Scott set up a results-based marketing planning process that determines which marketing resources best meet the needs of a prospect at each stage

of the sales cycle. This process identifies the right target and time to leverage different marketing events — including a sales call or meeting. Here's how Factiva's system works:

- **Customer data determines marketing allocations.** Four phases define Factiva's media planning approach. First, Factiva maps out its customers' sales cycles and identifies marketing resources that will move prospects from one stage in the cycle to the next. For example, search engine optimization and speaking engagements generate *attention*, email and personalized Web sites work for the *conviction* and *desire* phases, and sales calls and product packaging impact *sales* and *upsell*. Next, it scores each prospect based on his response to marketing events. High scorers — those most engaged by Factiva's marketing — get further qualified through a telephone call. Low scorers continue to receive other marketing messages aimed at increasing their score. Finally, Factiva continually tests to determine the channel and message combination that delivers the highest scores.
- **Data management systems track customers through their sales cycles.** Factiva's Unified Profile Database (UPD) fuels its media planning and customer contact strategies. This database stores customers' identifiable information from both online and offline interactions and is based on either cookies or proactive customer contacts with Factiva. The UPD auto-scores each prospect using a standard set of rules — defined by demographics, response to marketing activities, and buying intention — and targets qualified leads with the next appropriate marketing effort. The UPD also reports on campaign effectiveness to help Factiva refine media buys to improve performance.
- **Multiple partners facilitate planning.** Factiva pulled together research, strategy, technology, data, and Web specialists to build this new ROI-focused planning system. Customer profitability consultancy SiriusDecisions does customer research to identify Factiva's best targets and help map out their sales cycles. Lead management specialist Prescients built Factiva's UPD and helps set media and messaging strategy. E-messaging ASP WebReply builds personalized prospect and sales rep Web sites. Online agency Overdrive manages Factiva's search engine optimization. Content marketing expert David M. Scott helps pilot Factiva's overall Web marketing strategy.

WHAT IT MEANS

THE IMPACT OF LEFT BRAIN MARKETING PLANNING

Left Brain Marketing Planning will change the world for advertisers, agencies, market research providers, media companies, and consumers.

- **Industry-specific ratings emerge.** Left Brain Marketing Planners will want to know how well their marketing resources are inspiring certain customer behaviors.¹⁴ Expect Nielsen to develop a platform that will rate marketing effectiveness based on how well media inspires

industry-specific consumer behaviors — like accessing a retailer’s store locator feature or going into a car dealership for a test drive — while the Association of National Advertisers and the Interactive Advertising Bureau will push until these industry-specific ratings replace GRPs and TRPs as standard metrics.

- **Agency-holding companies form new marketing planning functions.** Because Left Brain Marketing Planning hinges on customer behavior and expands marketing planning outside media buying, media buyers — whose skills are more in ad scheduling and deal negotiation — will increasingly play only an execution role. In response, agencies will transform their media buying divisions into marketing planning businesses by luring strategists from McKinsey or Bain, data analysts from Merkle or Harte-Hanks, or marketing automation experts from Aprimo or Unica.
- **Entertainment revenues take a hit.** In the era of Left Brain Marketing Planning, marketing allocations will be based on media performance, not relationships between buyer and seller. Plus, agencies will replace the dealmakers in their media buying groups with strategy and analytics staff, causing the schmooze factor that has always been a part of media buying and selling to disappear. A few more box seats at the Lakers game and corner tables at The Plaza will sit empty as media companies and agencies use data — not wining and dining — to win dollars from Left Brain Marketers.
- **Congress restricts access to consumer data.** The volume of broad-reach commercials will decline as Left Brain Marketing Planners tailor marketing messages and channels toward consumers’ purchase processes. To further this relief from advertising overload, consumers will help marketers filter the right offers to them by self-selecting products and discounts they find relevant. However, marketers will go overboard on the personalization by combining declared preferences with ones inferred through cable, online, and purchase habits. In response to consumer panic about how to protect their personal information, Congress will pass the “Big Brother Act” limiting marketer access to consumer information and outlining the ethical use of consumer data.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 3 is an interactive tool to help marketers determine their own appropriate media mix.

Methodology

Research for this report was conducted through two concurrent phases:

- 1) We built the Forrester Marketing Allocation Tool by using Forrester's Consumer Technographics® data to understand how consumers interact with 13 media. We used this data to index each media against four marketer inputs: business goals, target audience, product type, and targeting approach. For more detail about this tool and the data behind it, please click on the spreadsheet behind Figure 3. Marketers interested in having Forrester build a marketing allocation tool customized to their customer base should contact their account manager.
- 2) Forrester also conducted interviews with marketers and agencies to understand their current marketing planning processes and best practices and their response to the Marketing Allocation Tool. We also spoke with marketing planning experts for additional perspective and theory around how they anticipate marketing planning will change over the next five years.

Companies Interviewed For This Document

Avenue A Razorfish	Media Contacts
BIGresearch	Media Dynamics
Euro RSCG	Modem Media
imc ²	One to One Interactive
Interactive Advertising Bureau	Targetbase

ENDNOTES

- ¹ Forrester expects consumer behavior to be the primary driver of online advertising growth as advertisers better match their spend to the media in which consumers spend their time. See the May 2, 2005, Trends "US Online Marketing Forecast: 2005 To 2010."
- ² The 2004 Forrester/Association of National Advertisers Survey on Marketing Accountability shows that 81% of marketers say "acting quickly to improve results" is "very" or "somewhat" difficult. See the January 13, 2005, Trends "Where Is Marketing Measurement Headed?"
- ³ Cross Media Optimization Studies (XMOS) were developed by the Interactive Advertising Bureau, the Advertising Research Foundation, Rex Briggs, and Dynamic Logic to determine the optimal mix of advertising across different media. Ford's study simultaneously measured online and offline advertising to measure which mix and weight of each medium drove and would drive the most sales of its new F-150 truck. More information and case studies are available at <http://www.iab.net/xmos/case.asp>.

- ⁴ Source: Ed Papazian, ed., “TV Dimensions,” Media Dynamics, 2003 edition.
- ⁵ For insight into the future of online advertising, Forrester surveyed 99 national marketers. Of the 63 marketers who told us how their 2005 online advertising budget will change, 25% will increase spending by up to 10%, 25% will increase spending between 10% and 25%, and 29% expect to increase online ad spending by more than 25%. See the May 2, 2005, Trends “US Online Marketing Forecast: 2005 To 2010.”
- ⁶ Broadband users spend 50% more time online than their dial-up counterparts and are more likely to use the Internet to complete their entertainment and productivity tasks. See the June 29, 2004, Data Overview “Benchmark 2004 Data Overview: Consumer Technographics® North America.” Additionally, a survey of 470 members of Planet Feedback reveals that other consumers are trusted more than any marketing messages for product and service information. See the May 28, 2004, Trends “The Consumer Advertising Backlash.”
- ⁷ Media influence varies by product category, but, except for consumer goods — where consumers rely on stores and newspaper inserts — and banking — where consumers want to interface with a real person — consumers ranked Web sites as the most important influence in their purchase decisions. The study also showed that on average, 51% of consumers do not need help with current purchases compared with previous ones and that online sales of high-priced items like travel and cars were increasing — 86% of consumers have purchased travel online, and 13% of consumers have purchased a car online. See “DoubleClick’s Touchpoints II: The Changing Purchase Process, March 2004.”
- ⁸ Marketers can download an interactive version of Forrester’s Marketing Allocation Tool to help them determine their own media mix. Our marketing allocation tool does not account for competitors or market fluctuations, but it will help prioritize media for a given campaign.
- ⁹ Just announced in March 2005, Project Apollo is still being designed. It will likely draw from sources in multiple consumer panels and research with more than 80,000 consumers. Marketers interested in learning more or becoming charter clients of the project should see AC Nielsen’s “Measuring In-and-Out-of-Home Media Consumption,” March 17, 2005.
- ¹⁰ This XMOS study tested different media mixes to determine which channels would be the most effective mix for Universal Studios’ launch of “E.T.”
- ¹¹ Experimental design has two defining characteristics: manipulation of an independent variable and control over extraneous variables. It is a common approach in scientific research, product design, and direct marketing. Its use is being extended recently to site design and other marketing efforts. Source: Kenneth S. Bordens and Bruce B. Abbott, “Research Design and Methods,” 1991.
- ¹² The BSO found that educating potential audience members about its music programs encouraged first-time ticket sales and repeat visits. Intellimericals are Web-based educational commercials sent via email and accessible on BSO.org. The BSO also offers an interactive “online conservatory” — a place where families can go together to learn about musicians, composers, musical pieces, and instruments — that the BSO promotes through billboards.

¹³ See Joanne Davis, “Optimizing Advertiser/Agency Relations,” 2004, and David and Stanley Beals, “Agency Compensation: A Guidebook,” 2001, both published as part of the Association of National Advertisers.

¹⁴ Anyone trying to measure cross-channel media effectiveness would agree that today’s metrics are inadequate because there is no standard way to contrast the results of traditional media with online, or even how branding compares with direct response efforts. As a result, marketers are spending more on results-based channels like online. Forrester projects that online spending will grow to \$26 billion by 2010 due to increased budget and shifting money away from traditional channels. See the May 2, 2005, Trends “Online Marketing Forecast: 2005 To 2010.”

FORRESTER®

Helping Business Thrive On Technology Change

Headquarters

Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139 USA
Tel: +1 617/613-6000
Fax: +1 617/613-5000
Email: forrester@forrester.com
Nasdaq symbol: FORR
www.forrester.com

Research and Sales Offices

Australia	Japan
Brazil	Korea
Canada	The Netherlands
France	Sweden
Germany	Switzerland
Hong Kong	United Kingdom
India	United States
Israel	

*For a complete list of worldwide locations,
visit www.forrester.com/about.*

For information on hard-copy or electronic reprints, please contact the Client Resource Center at +1 866/367-7378, +1 617/617-5730, or resourcecenter@forrester.com. We offer quantity discounts and special pricing for academic and nonprofit institutions.

Forrester is an independent technology research company that provides pragmatic and forward-thinking advice about technology's impact on business. Business, marketing, and IT professionals worldwide collaborate with Forrester to align their technology investments with their business goals. Established in 1983, Forrester is headquartered in Cambridge, Mass.